

## **Canned Deciduous Fruit Situation in Selected Countries**

**Production of canned peaches in selected countries for 2001/2002 is estimated at 1.14 million tons, down 4 percent from the revised estimate of 1.19 million tons produced in 2000/2001. World exports for the selected countries 2001/2002 are forecasted at 629,000 tons, down less than one percent from the preceding year. Canned pear production for 2001/2002 is forecast at 131,000 tons, down 3 percent from the previous year. Exports of canned pears for 2001/2002 are estimated at 76,000 tons, down 6 percent from last year's level.**

### **Regional and Country Highlights**

The canned deciduous fruit sector is suffering a market crisis throughout the world due principally to an overproduction of canned peaches, low prices, and increased competition among the principal exporters: Greece, South Africa, Chile, and Australia.

#### **Greece**

The 2001 peach crop is down from last year due to the mild winter, warm spring and hail storms beginning in April. Nevertheless, the quality of the crop is good and even better than that of last year when the size of the fruit was small. Production for 2001/02 is estimated at 367,000 tons, down by 22,000 tons from our April forecast and down from the two previously record breaking levels of 397,000 tons in 2000 and 441,000 tons in 1999. Despite record breaking exports of 400,000 tons during the 2001 marketing year, carry over stocks are at 87,000 tons, the second largest after the 102,000 tons in the preceding year. The Greek total supply is placed at 455,000 tons, the second largest after last year. Consequently, exports for the upcoming 2001/02 marketing year are estimated at 385,000 tons, the third largest on record.

Greek prices last year were extremely low, resulting in large exports and causing some unfavorable tariff actions against Greek shipments. Argentina initiated a countervailing duty levy of 12 percent on top of a 35 percent tariff and a \$0.5/kg safeguard measure. Brazil initiated an anti-dumping duty of 100 percent on top of 16.5 percent tariff and an additional tariff of 55 percent for a special listing of the product on an exception list. The loss of these two markets contributed to expanded shipments into the United States. Other factors assisting these exports were a low domestic Greek price and an appreciating U.S. dollar.

#### **Italy**

Italian canned peach, pear and mixed fruit output for 2001/02 is estimated at 22,000, tons, 34,000 tons and 68,000 tons respectively. Although growing conditions are favorable so far this year, the output of canned peaches is forecast to decline further because processors prefer to import Greek peaches in bulk for repackaging under their own labels. The arrangement allows Italian canners to benefit in the export market by using lower cost Greek product in their mixed fruit line. It also provides the canners with leverage to negotiate a lower price from domestic processors.

The competitive price of Greek canned peaches on the international market resulted in a rebuilding of large stocks. In fact, Italian imports increased by 5,500 tons to total 25,000 tons during marketing year 2000/01, whereas exports declined by 5,000 tons to total 32,000 tons in the same period. Due to large stocks, Italian canned peach imports are forecast to decline in 2001/02 whereas exports should remain stable.

Canned pear output for 2001/02 is forecast to decline by 2,000 tons to total 34,000 tons due to a decline in fruit production. The Italian canned mixture production will be marginally affected by a decline in pear and apple production because peach production remained quite stable, and pineapples are imported.

Italian exports of canned pears and mixtures increased in marketing year 2000/01 despite a decline in fruit mixture output. In fact, Italian canned pears and mixtures remain competitive on the international market, due to the quality of Italian pears and their relatively low prices. However, these exports are forecast to decline in 2001/02 due to reduced domestic production.

From the marketing standpoint, canned peaches and pears are generally considered to be a mature food product with little room for growth due to competition from fresh fruit imports, which are increasingly available throughout the year. Fruit cocktail, however, is considered to be a convenience food that still offers market opportunities, especially in export markets. Canned pears and peaches are destined almost exclusively for the catering industry in Italy, while canned mixtures are still consumed by families.

### **South Africa**

South Africa's fruit canning industry is the fourth largest in the world. The domestic industry is made up of four main canners, Langerberg foods, Sapco of Delmonte Brand, Ashton, and Rhodes Fruit Farm Foods. Exports account for 90 percent of all canned fruit production. Over half of South Africa's exports go to Europe.

Calendar year 2001 canned production (peaches, pears, apricots, and mixed fruit) is estimated at 183,500 tons, up 11 percent from a year earlier due to a return to more normal weather and diversion of more fruit to canning. More fruit went to processing because of stricter EU quality standards for fresh fruit which limit South Africa's fresh shipments. Exports are expected to rise by 12 percent to about 148,800 tons while domestic consumption will drop by 5 percent to 36,000 tons. Of the total fresh fruit delivered for processing, about 47,000 tons was apricots, 114,000 tons peaches, 86,000 tons pears, and 247,000 tons

mixed fruit. Stricter regulations have also resulted in delays in shipments as well as an increase in ending stocks.

### **Australia**

Production of canned peaches for the 2001/02 marketing year is forecast at 45,650 tons, up about 2 percent or 800 tons from the revised estimate of 44,820 tons produced last year. The upward forecast is based upon industry reports of new plantings.

Exports of canned peaches for calendar year 2001 are forecast to increase by 9 percent to total 9,436 tons compared to the level achieved during the previous year. While this increase is significant, exports remain well below levels achieved during the 1980s, when average annual exports of over 20,000 tons were achieved. In recent years exports have remained low due to continued tough competition from subsidized EU exports on world markets. Exports to the United States are forecast to increase dramatically from the extremely low levels of the previous year, driven by a favorable exchange rate

Cannery intake for pears in calendar year 2002 is forecast to rise slightly to 54,000 tons. Dry conditions at flowering and a lack of subsoil moisture have not significantly affected yield potential at this stage, but may have restricted fruit size to average levels. Irrigation allocations have previously been low in some valleys but were recently revised upwards to average levels. Canned pear production for calendar year 2002 is also forecast to rise slightly to 44,820 tons from 44,405 tons canned last season.

Industry sources indicate that canneries tend to view the domestic market as the primary market. Initiatives such as innovations in product packaging and product promotion are developed and targeted at the domestic market. Surplus production is typically exported because canners do not wish to compete for the "commodity end" of the export market (bulk markets) because this would bring them into direct competition with subsidized product.

The three canneries currently processing fruit in Australia are SPC, Ardmona and Berri. According to industry sources, SPC is the largest and currently processes around 50 percent of the peach crop and around 54 percent of the pear crop. Ardmona is the other major processor, accounting for around 41 percent of the peach crop and 46 percent of the pear crop. Berri is a minor player, processing only 9 percent of the peach crop. SPC a publicly listed company and Ardmona a grower owned cooperative are currently negotiating a merger. While the details of this merger are currently not clear, it appears that SPC will buy out Ardmona with the name of the company becoming SPC Ardmona Ltd. The proposal is yet to gain approval of the Australian Competition and Consumer Commission (ACCC), which has the power to determine whether the merger is anti-competitive.

The reason behind the merger is that both companies need to increase size in order to take advantage of export opportunities. Also, each company has focused on different aspects of production. SPC in recent years has dramatically improved its packaging and presentation of its product to enhance consumer

perceptions while Ardmona has improved its sorting capacity and fruit quality. Since these aspects of canned fruit production complement each other, the merger would improve efficiency and increase export opportunities.

## **Chile**

The initial production forecast for canned Chilean peaches in marketing year 2001/02 indicates a level similar to the previous year's output. Although it is still too early to predict with certainty, enough rain and sufficient cold hours in all growing areas is expected to assure an excellent budding, which will have a positive effect on the upcoming production. Estimated production for marketing year 2000/01 remains unchanged from the April forecast of 46,000 tons. Stock levels will be abnormally high at the end of the marketing year due to reduced exports.

For marketing year 2000/01, exports of canned peaches will end the year below both the previous year and our previous estimates. This is mainly due to the loss of the Mexican market resulting from increased competition of the Greek canned peaches. Additionally, exports to Argentina, Chile's third largest export market have come to a stop. Argentina, which is facing a major economic crisis, decided to protect their domestic production by increasing import duties for non-Mercosur members countries to 28 percent. This includes Chile since it is only an "associate" member. Additionally, a safeguard is applied to all canned peach imports bringing the actual Argentine tariff rate to an estimated 90 percent. Chile's exports for marketing year 2001 are initially forecast to recover based on lower production prices.

***The FAS Attache Report search engine contains reports on the Canned Deciduous Fruit . For information on production and trade, contact Robert Knapp at 202-720-4620. For information on marketing contact Kristan Kezar at 202-609-0556.)***

# CANNED PEACHES: PRODUCTION, SUPPLY AND DISTRIBUTION

Country	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
--Metric Tons Net Weight 1/ --							
<b>Greece</b>							
1999/2000	5,506	441,000	1,500	448,006	335,500	10,506	102,000
2000/01	102,000	397,000	1,000	500,000	400,000	13,000	87,000
2001/02	87,000	367,000	1,000	455,000	385,000	13,000	57,000
<b>Italy</b>							
1999/2000	0	41,000	19,500	60,500	37,000	12,000	11,500
2000/01	11,500	26,500	25,000	63,000	32,000	11,000	20,000
2001/02	20,000	22,000	20,000	62,000	32,000	10,000	20,000
<b>Spain</b>							
1999/2000	14,700	182,000	5,054	201,754	76,504	104,900	20,350
2000/01	20,350	165,000	4,839	190,189	72,002	102,700	15,487
2001/02	15,487	170,000	4,439	189,926	75,000	103,000	11,926
<b>United States</b>							
1999/2000	75,730	357,216	26,229	459,175	20,197	381,619	57,359
2000/01	57,359	350,888	47,859	456,106	14,171	401,110	40,825
2001/02	40,825	325,557	52,650	419,032	11,340	387,300	20,392
<b>Australia</b>							
1999/2000	8,478	41,465	282	50,225	8,399	32,526	9,300
2000/01	9,300	44,820	445	54,565	9,436	35,529	9,600
2001/02	9,600	45,650	500	55,750	10,568	35,582	9,600
<b>Chile</b>							
1999/2000	1,778	43,500	105	45,383	38,564	6,500	319
2000/01	319	46,000	168	46,487	35,000	7,000	4,487
2001/02	4,487	46,000	50	50,537	40,000	7,000	3,537
<b>Argentina</b>							
1999/2000	0	62,320	12,220	74,540	935	72,000	1,605
2000/01	1,605	70,520	498	72,623	880	71,000	743
2001/02	743	72,980	450	74,173	1,230	71,000	1,943
<b>South Africa</b>							
1999/2000	5,922	80,400	518	86,840	47,200	19,000	20,640
2000/01	20,640	87,600	250	108,490	69,000	19,100	20,390
2001/02	20,390	90,000	270	110,660	74,000	19,500	17,160
<b>Total</b>							
1999/2000	112,114	1,248,901	65,408	1,426,423	564,299	639,051	223,073
2000/01	223,073	1,188,328	80,059	1,491,460	632,489	660,439	198,532
2001/02	198,532	1,139,187	79,359	1,417,078	629,138	646,382	141,558

Note: For Calendar year reference, MY 1999/00 would become Cy 1999

1/ One metric ton equals 48,99 standard 45-lb. cases net of 24x2 1/2 cans

Source U.S. Agricultural Attache Reports

# CANNED PEARS: PRODUCTION, SUPPLY AND DISTRIBUTION

Country	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
--Metric Tons Net Weight 1/ --							
<b>Australia</b>							
1999/2000	7,671	44,820	40	52,531	18,141	29,190	5,200
2000/01	5,200	44,405	47	49,652	14,019	29,800	5,833
2001/02	5,833	44,820	50	50,703	14,000	30,100	6,603
<b>Spain</b>							
1999/2000	8,200	36,200	318	44,718	9,413	27,800	7,505
2000/01	7,505	34,500	474	42,479	7,583	24,183	10,713
2001/02	10,713	30,000	500	41,213	8,000	25,000	8,213
<b>Italy</b>							
1999/2000	20,000	34,000	6,000	60,000	34,000	10,000	16,000
2000/01	16,000	36,000	2,000	54,000	39,000	9,000	6,000
2001/02	6,000	34,000	4,000	44,000	35,000	8,000	1,000
<b>South Africa</b>							
1999/2000	9,826	19,800	0	29,626	18,498	4,200	6,928
2000/01	6,928	20,700	0	27,628	19,700	4,250	3,678
2001/02	3,678	22,500	0	26,178	18,700	4,400	3,078
<b>Total</b>							
1999/2000	45,697	134,820	6,358	186,875	80,052	71,190	35,633
2000/01	35,633	135,605	2,521	173,759	80,302	67,233	26,224
2001/02	26,224	131,320	4,550	162,094	75,700	67,500	18,894

Note: For Calendar year reference, MY 1999/00 would become Cy 1999

1/ One metric ton equals 48,99 standard 45-lb. cases net of 24x2 1/2 cans

Source U.S. Agricultural Attache Reports

**U.S. IMPORTS OF CANNED PEACHES**  
**Marketing Year June/May**

<b>Origin</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
--Metric Tons Net Weight 1/ --					
Greece	19,475	4,586	6,715	20,077	35,437
Spain	4,324	11,424	1,971	1,993	3,122
South Africa	2,717	3,863	1,531	474	4,390
Chile	1,166	447	69	2,388	1,654
China	244	728	1,064	369	881
Japan	69	7	0	0	0
France	56	102	46	95	133
Italy	19	13	25	0	59
Other	17	814	2,487	833	2,183
<b>Grand Total</b>	<b>28,087</b>	<b>21,984</b>	<b>13,908</b>	<b>26,229</b>	<b>47,859</b>

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans

Source: U.S. Census Bureau

**U.S. EXPORTS OF CANNED PEACHES**  
**Marketing Year June/May**

<b>Destination</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
--Metric Tons Net Weight 1/ --					
Canada	4,192	7,452	6,248	8,043	5979
Mexico	451	950	4,154	5,395	220
Japan	2,559	2,917	2,475	2,248	1083
Korea	1,593	569	1,220	1,142	1541
Taiwan	1,295	912	1,036	346	392
Singapore	900	228	110	141	63
Hong Kong	809	287	197	47	56
Philippines	442	119	650	91	828
Costa Rica	494	581	619	450	343
Germany	233	346	265	101	0
Guatemala	217	188	226	383	216
El Salvador	214	218	245	273	243
Saudi Arabia	201	467	151	154	221
Russia	1,077	579	5	0	0
Other	1,329	3,184	10,133	1,383	2,986
<b>Grand Total</b>	<b>16,006</b>	<b>18,997</b>	<b>27,734</b>	<b>20,197</b>	<b>14,171</b>

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans

Source: U.S. Census Bureau

**U.S. EXPORTS OF CANNED PEARS**  
**Marketing Year June/May**

<b>Destination</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
--Metric Tons Net Weight 1/ --					
Canada	2,703	3,261	3,293	3,501	2,917
Mexico	77	14	0	23	0
Germany	115	95	96	0	0
United Kingdom	85	219	0	0	20
Japan	311	290	528	279	410
Hong Kong	49	6	128	87	0
Singapore	41	10	3	2	94
Thailand	39	22	17	8	1,260
Malaysia	31	19	18	6	0
Russia	43	0	0	0	108
Saudi Arabia	15	58	29	3	0
United Arab Emirates	0	390	662	426	0
Other	197	323	214	254	1,032
<b>Grand Total</b>	<b>3,706</b>	<b>4,707</b>	<b>4,988</b>	<b>4,589</b>	<b>5,841</b>

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans

Source: U.S. Census Bureau

**U.S. EXPORTS OF CANNED FRUIT MIXTURES**  
**Marketing Year June/May**

<b>Destination</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
--Metric Tons Net Weight 1/ --					
Canada	7,422	8,512	10,432	10,273	4,653
Mexico	185	520	362	374	876
Japan	3,555	2,928	3,681	3,876	2,081
Philippines	3,804	700	633	640	628
Hong Kong	1,970	606	506	414	212
Singapore	1,826	999	817	567	455
Taiwan	416	626	814	355	104
Korea	421	689	500	547	158
Panama	597	1,148	802	844	593
El Salvador	337	379	486	447	479
Costa Rica	834	1,230	1,063	868	763
Saudi Arabia	820	1,182	1,022	186	659
Other	2,762	2,841	4,207	3,109	1,756
<b>Grand Total</b>	<b>24,949</b>	<b>22,360</b>	<b>25,325</b>	<b>22,500</b>	<b>13,417</b>

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans

Source: U.S. Census Bureau